Form 3160-3 (August 1999)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB No. 1004-0136

Expires November 30, 2000

5. Lease Serial No.

I	UT	0-7302	1			
	6.	If Indian,	Allottee	or	Tribe	Name

APPLICATION FOR PERMIT TO							
PER DELL	ENTER			7. If Unit or CA Agreement, Name and No.			
la. Type of Work: DRILL REE	ATTE			MULLIGAN UNIT 8. Lease Name and V	<u>r #utu-80643X</u>		
	г л .	a	Multiple Zone	8. Lease Name and V			
b. Type of Well: Oil Well X Gas Well Other	L Si	ingle Zone	Multiple Zone	9. API Well No.	ZJ-Z II(
2. Name of Operator				43-04	1-38630		
KERR McGEE OIL & GAS ONSHORE LP	3b. Phone No	. (include area cod	ie)	10. Field and Pool, o			
AACO SOUTH 1200 FAST VERNAL, UT 84078	(435) 781-	7024			or Blk, and Survey or Area		
cart is a continuous learning and in accordance with	any State requ	uirements.*)	06070	11. Sec., 1., R., M.,	or Bik, and Survey of Arou		
At surface NFSW 1865'FSL, 1786'FWL 47'	433 K 40644 \	, ,	334483	SEC. 21, T8S, R	23E		
At proposed prod. Zone		7 - to F	- 7 1 100	12. County or Parish	13. State		
 Distance in miles and direction from nearest town or post office* MILES SOUTH OF VERNAL, UTAH 				UINTAH	UTAH		
15. Distance from proposed*	16. No. of A	cres in lease	17. Spacing Unit de	edicated to this well	RECEIVED		
location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	1581.00		40.00	•	•		
	19. Proposed	d Depth	20. BLM/BIA Bone	d No. on file	SEP 1 5 2006		
to nearest well drilling, completed,	9790'		BOND NO: WY	/-2357	OF OIL, GAS & MINING		
applied for, on this term,	1	mate date work wi	ll start*	23. Estimated durati	Or OIL, GAS a WIITHITG		
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	ZZ. Approxi	mate date work					
4982'UNGRADED GL	24. A	Attachments					
The following, completed in accordance with the requirements of Or			shall be attached to th	nis form:			
The following, completed in accordance with the requirements of Or	ISHOIC OH and	Gas Green 212 27		1	sting bond on file (see		
1. Well plat certified by a registered surveyor.		1		unless covered by an existing bond on file (see			
2. A Drilling Plan.		Item 20 ab					
3. A Surface Use Plan (if the location is on National Forest System	Lands, the	5. Operator co	ertification.	estion and/or plans as may be required by the			
SUPO shall be filed with the appropriate Forest Service Office.		 Such other site specific information and/or plans as may be required by the authorized office. 					
					Date		
25. Signature 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2		me (Printed/Typed			9/8/2006		
///www/minungo	131	IEILA OI OIIL					
Title							
Approved by (Signature)	! Na	me (Printed/Typed	1)		Date 1 199-71-06		
Applicated by Colonial A. M. M. M.		BRADI F	YG. HILL		, 0100		
Title	'Off	ENVIRONME	NTAL MANAGER				
1 1 - A warrent or certify that the applicant	Lalda lagal ar	equitable title to th	ose rights in the subj	ect lease which would e	ntitle the applicant to condu		
1 1 Y warment or certify that the applicant	HORRICE AL OF A	oquimore mus to m		A CONTRACTOR OF THE PROPERTY O			

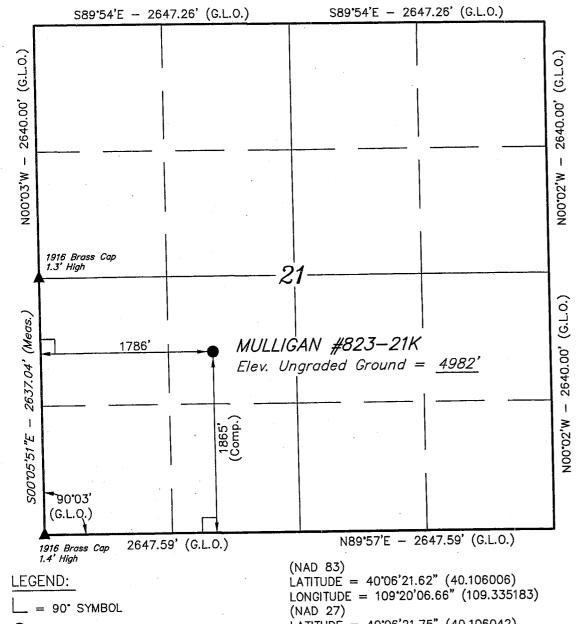
Application approval does not warrant or certify that the application

operations thereon. Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

T8S, R23E, S.L.B.&M.



= PROPOSED WELL HEAD.

= SECTION CORNERS LOCATED.

 $\hat{L}ATITUDE = 40.06'21.75'' (40.106042)$ LONGITUDE = 109'20'04.21"(109.334503)

Kerr-McGee Oil & Gas Onshore LP

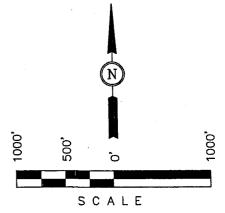
Well location, MULLIGAN #823-21K, located as shown in the NE 1/4 SW 1/4 of Section 21, T8S, R23E, S.L.B.&M., Uintah County, Utah.

BASIS OF ELEVATION

BENCH MARK 20EAM LOCATED IN THE SE 1/4 OF SECTION 35, T8S, R21E, S.L.B.&M. TAKEN FROM THE OURAY SE, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4697 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLANTING PEPARED FROM FIELD NOTES OF ACTUAL SURVEYS TABLE DILLEGAL ANDER MY SUPERVISION AND THAT THE SAME BEST OF MY KNOWLEDGE AND

UINTAH ENGINEERING

& LANDING RVEYING 85 SOUTH 200 EAST - VERNAL, UTAH 84078

(435) 789-1017

SCALE 1" = 10	00'		DATE SURVEYED: 08-07-06	DATE DRAWN: 08-14-06
PARTY B.H.	F.Y.	C.H.	REFERENCES G.L.O. PLA	Т
WEATHER WAR	lM	FILE	rr-McGee Oil &	Gas Onshore LP

MULLIGAN 823-21K NESW SEC 21, T8S, R23E UINTAH COUNTY, UTAH UTU-73021

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. <u>Estimated Tops of Important Geologic Markers:</u>

Formation	<u>Depth</u>
Uinta Green River Top of Birds Nest Water Mahogany Wasatch Mesaverde MVU2 MVL1	0- Surface 2213' 2603' 3153' 5289' 7563' 8677' 9126' 9790'
TD	

2. <u>Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations</u>:

Substance	<u>Formation</u>	<u>Depth</u>
Water	Green River Top of Birds Nest Water Mahogany	2213 2603' 3153'
Gas Gas Gas Water Other Minerals	Wasatch Mesaverde MVU2 MVL1 N/A N/A	5289° 7563° 8677° 9790°

3. <u>Pressure Control Equipment</u> (Schematic Attached)

Please refer to the attached Drilling Program.

4. <u>Proposed Casing & Cementing Program</u>:

Please refer to the attached Drilling Program.

5. <u>Drilling Fluids Program</u>:

Please refer to the attached Drilling Program.

6. <u>Evaluation Program</u>:

Please refer to the attached Drilling Program.

7. Abnormal Conditions:

Maximum anticipated bottomhole pressure calculated at 9790' TD, approximately equals 6070 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3916 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. Anticipated Starting Dates:

Drilling is planned to commence immediately upon approval of this application.

9. Variances:

Please refer to the attached Drilling Program.

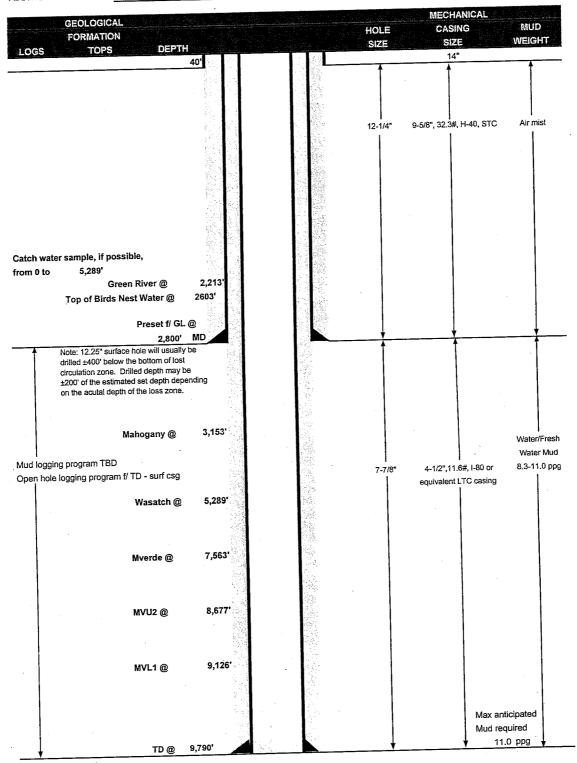
10. Other Information:

Please refer to the attached Drilling Program.



KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

COMPANY NAME	KERR-McGEE OIL & GAS ONSHORE LP	DATE	Septemb	er 8, 2006		
COM / MILL IN MILL	MULLIGAN 823-21K	TD	9,790'	MD/TVD		
***************************************	TATE CTATE	Utah	ELEVATION	4,982' GL	KB	4,997'
FIELD Natural But	es COUNTI Officer				BHL	Straight Hole
SURFACE LOCATION	NESW SEC. 21, T8S, R23E 1865'FSL, 1786'	FVVL				
45	Latitude: 40.106006 Longitude: 109	.335183				
OBJECTIVE ZONE(S)	Wasatch/Mesaverde			II. III. Dank		
ADDITIONAL INFO	Regulatory Agencies: BLM (SURF & MINERA	ALS), UDOG	M, Tri-County I	Health Dept.		





KERR-McGEE OIL & GAS ONSHORE LP

DRILLING PROGRAM

CASING PROGRAM

							JESIGN FAC I	URS
•	SIZE	INTERVAL	WT.	GR.	CPLG.	BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'	455.74		SANS	2270	1370	254000
SURFACE	9-5/8"	0 to 2800	32.30	H-40	STC	0.66****** 7780	1.05 6350	3.21 201000
PRODUCTION	4-1/2"	0 to 9790	11.60	I-80	LTC	2.26	1.13	2.03

¹⁾ Max Anticipated Surf. Press.(MASP) (Surface Casing) = (Pore Pressure at next csg point-(0.22 psi/ft-partial evac gradient x TVD of next csg point)

(Burst Assumptions: TD =

11.0 ppg)

.22 psi/ft = gradient for partially evac wellbore

(Collapse Assumption: Fully Evacuated Casing, Max MW)

(Tension Assumptions: Air Weight of Casing*Buoy.Fact. of water)

3446 psi

Burst SF is low but esg is much stronger than formation at 2000°. EMW: @ 2000' for 227,0# is 21.8 ppg or 1.13 psi/ft.

CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl	215	60%	15.60	1.18
Option 1			+ .25 pps flocele			4.449.03.33	
	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt	50	et Akuese Petau	15.60	1.18
			+ 2% CaCl + .25 pps flocele		Ser Park March	45.00	
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1,18
SURFACE		atha ittibaw	NOTE: If well will circulate water to su				
Option 2	LEAD	1500	Prem cmt + 16% Gei + 10 pps gilsonite	170	35%	11.00	3.82
•			+.25 pps Flocele + 3% salt BWOC				100000000000000000000000000000000000000
	TAIL	500	Premium cmt + 2% CaCl	180	35%	15.60	1.18
			+ .25 pps flocele				
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.	ndaran, zer da	15.60	1.18
						2/2/4/2/3/2/2	
PRODUCTIO	N LEAD	4,780'	Premium Lite II + 3% KCI + 0.25 pps	520	60%	11.00	3.38
			celloflake + 5 pps gilsonite + 10% gel	3641274			
			+ 0.5% extender	areasa, ay toray a	Japanera Natou A N		1976-55-38-50-11-38-54
					a seet	istral estal	
	TAIL	5,010'	50/50 Poz/G + 10% salt + 2% gei	1400	60%	14.30	1.31
			+.1% R-3	25.5		2897479	278-858-858-858-858-858-858-858-858-858-8

^{*}Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained *Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

FLOAT EQUIPMENT & CENTRALIZERS

SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring
	centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	spring centralizers.
	[1] [1] A. (2) [2] [2] A. (3) [3] A. (4) [4] A. (4) A. (4) [4] A. (4)

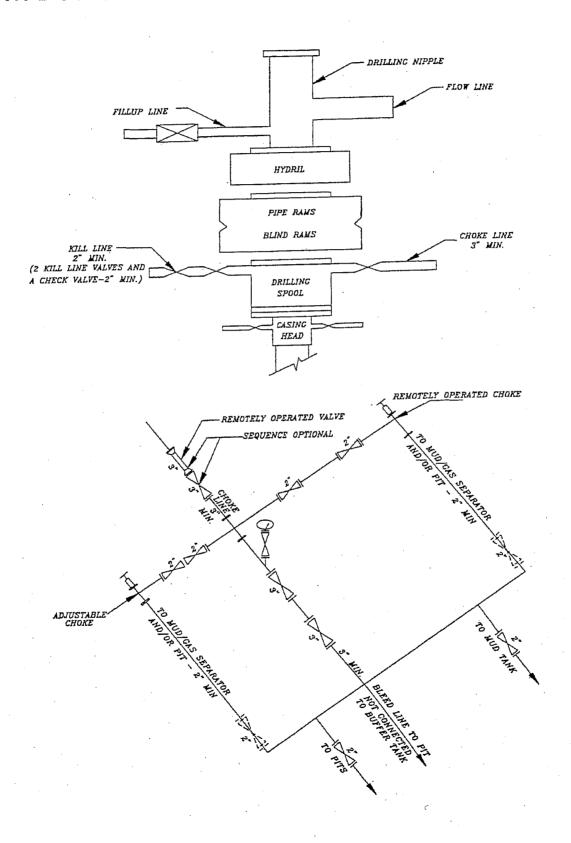
ADDITIONAL INFORMATION

	BOPE: 11" 5M with one annu	ter installing. Test surface casing to 1,500 psi pri- lar and 2 rams. Test to 5,000 psi (annular to 2,50	00 psi) prior to drilling out. Record on chart recorder &					
	tour sheet. Function test rams	ur sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper						
	& lower kelly valves.	· · · · · · · · · · · · · · · · · · ·						
	Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.							
	Most rigs have PVT Systems	for mud monitoring. If no PVT is available, visual r	monitoring will be utililized.					
RILLING	ENGINEER:		DATE:					
		Brad Laney	•					
DII I ING	SUPERINTENDENT:	, , , , , , , , , , , , , , , , , , ,	DATE:					

Randy Bayne MULLIGAN 823-21K APD.xls

²⁾ MASP (Prod Casing) = Pore Pressure at TD - (.22 psi/ft-partial evac gradient x TD)

5M BOP STACK and CHOKE MANIFOLD SYSTEM



MULLIGAN 823-21K NESW SEC 21, T8S, R23E UINTAH COUNTY, UTAH UTU-73021

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads:

Directions to the proposed location are attached.

Refer to Topo Maps A and B for location of access roads within a 2-mile radius.

All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. Planned Access Roads:

Approximately 0.1 miles +/- of access road is proposed. Refer to Topo Map B.

The operator will Install low water crossings on all washes. As discussed at the on-site inspection.

The access road will be crowned (2 to 3%), ditched and constructed with a running surface of 18 feet and a maximum disturbed width of 30 feet. Graveling or capping the roadbed will be performed as necessary to provide a well constructed, safe road. Prior to construction or upgrading, the proposed road shall be cleared of any snow and allowed to dry completely.

Surface disturbance and vehicular traffic will be limited to the proposed location and proposed access route. Any additional area needed will be approved in advance. All construction shall be in conformance with the standards outlined in the BLM and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development. 1989.

The road surface and shoulders will be kept in a safe and usable condition and will be maintained in accordance with the original construction standards. All drainage ditches will be kept clear and free-flowing and will be maintained according to original construction standards. The access road surface will be kept free of trash during operations. All traffic will be confined to the approved disturbed surface. Road drainage crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing or shall the drainages be blocked by the road bed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Should mud holes develop, they shall be filled in and detours around them avoided. When snow is removed from the road during the winter months, the snow shall be pushed outside of the borrow ditches, and the turnouts kept clear so that snowmelt will be channeled away from the road.

3. <u>Location of Existing Wells Within a 1-Mile Radius</u>:

Please refer to Topo Map C.

4. Location of Existing & Proposed Facilities:

The following guidelines will apply if the well is productive.

All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope.

A dike will be constructed completely around those production facilities which contain fluids (i.e., production tanks, produced water tanks, and/or heater/treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank, and be independent of the back cut.

All permanent (on-site six months or longer) above the ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the five state Rocky Mountain Inter-Agency Committee.

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The requested color is Carlsbad Canyon (2.5 Y 6/2) as determined during the on-site inspection.

Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

Refer to Topo Map D for the placement of the proposed pipeline.

The pipelines shall be buried through FLOOD PLAINS. As discussed at the on-site inspection.

Variances to Best Management Practices (BMPs) Requested:

Approximately 569' of 4" steel pipeline will be installed on surface within the access corridor for the well location. As a Best Management Practice (BMP), the pipeline would be buried within the access road corridor if possible. The construction of pipelines requires the corridor of 30 feet.

This exception to the BMP should be granted by the BLM Authorized Officer because indurate bedrock, such as sandstone, is at or within 2 feet of the surface.

5. <u>Location and Type of Water Supply:</u>

Water for drilling purposes will be obtained from Dalbo Inc.'s underground well located in Ouray, Utah, Sec.32, T4S,R3E, Water User Claim #43-8496, Application #53617.

Where available a 2" or 3" poly pipe will be installed with the existing rights-of-way to supply water during drilling and completion operations. There will be no new disturbance needed and the poly line will be removed after completion operations. The fresh water will be supplied from the power plant located within the following Sections 23, 24, 25, 26, 35, & 36, T8S, R23E.

Water will be hauled to location over the roads marked on Maps A and B.

No water well is to be drilled on this lease.

6. Source of Construction Materials:

Surface and subsoil materials in the immediate area will be utilized.

Any gravel will be obtained from a commercial source.

7. Methods of Handling Waste Materials:

Drill cuttings will be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, will be contained in the reserve pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

The reserve pit will be constructed on the location and will not be located within natural drainage, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break, or allow discharge of liquids.

A plastic reinforced liner is to be used as discussed during on-site inspection. It will be a minimum of 20 mil thick and felt, with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will be disposed of in the pit.

Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

A chemical porta-toilet will be furnished with the drilling rig.

Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.

All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to one of the pre-approved disposal sites: RNI, Sec. 5, T9S, R22E, NBU #159, Sec.35, T9S,

R21E, Ace Oilfield, Sec. 2, T6S, R20E, MC&MC, Sec. 12, T6S, R19E. (Request is in lieu of filing Form 3160-5, after initial production).

8. Ancillary Facilities:

None are anticipated.

9. Well Site Layout: (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

Please see the attached diagram to describe rig orientation, parking areas, and access roads.

39 inch net wire will be used with at least one strand of barbed wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

The net wire shall be no more than two inches above the ground. The barbed wire shall be three inches over the net wire. Total height of the fence shall be at least 42 inches.

Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any 2 fence posts shall be no greater than 16 feet.

All wire shall be stretched, by using a stretching device, before it is attached to corner posts.

The reserve pit fencing will be on three sides during drilling operations, and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

10. Plans for Reclamation of the Surface:

Producing Location:

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production.

Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.

Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.

To prevent surface water(s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface three feet above surrounding ground surface to allow the reclaimed pit area to drain effectively.

Upon completion of backfilling, leveling, and recontouring of the pit, the stockpiled topsoil will be spread evenly over the location and the location will be reseeded see seed mixture.

Dry Hole/Abandoned Location:

Abandoned well sites, roads, and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions, and re-establishment of vegetation as specified.

All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. Reseeding operations will be performed after completion of other reclamation operations.

11. Surface Ownership:

United States of America Bureau of Land Management 170 South 500 East Vernal, UT 84078 (435) 789-1362

12. Other Information:

A Class III archaeological survey and a paleontological survey have been completed and the reports will be submitted when reports become available.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved Plan of Operations, and any applicable Notice of Lessees. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance. The Operator will control noxious weeds along Rights-Of-Way for roads, pipelines, well sites, or other applicable facilities.

Seed Mixture:

The following seed mixture will be used during interim reclamation:

Indian Rice Grass

10 lb/acre

Galleta Grass

10 lb/acre

Operator will contact the BLM for the seed mixture when final reclamation of the location occurs.

13. Lessee's or Operators's Representative & Certification:

Sheila Upchego Regulatory Analyst Kerr-McGee Oil & Gas Onshore LP 1368 South 1200 East Vernal, UT 84078 (435) 781-7024 Randy Bayne Drilling Manager Kerr-McGee Oil & Gas Onshore LP 1368 South 1200 East Vernal, UT 84078 (435)781-7018

Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Kerr-McGee Oil &Gas Onshore LP, is considered to be the operator of the subject well. Kerr-McGee Oil &Gas Onshore LP, agrees to be responsible under the terms and the conditions of the lease for the operations conducted upon leased lands.

Bond coverage pursuant to 43 CFR 3104 for the lease activities is being provided by BLM Nationwide Bond #WY-2357.

I hereby certify that the proposed drill site and access route has been inspected and that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the Operator, its contractors, and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Mule James Sheila Upchego

September 8, 2006

Date

Kerr-McGee Oil & Gas Onshore LP MULLIGAN #823-21K SECTION 21, T8S, R23E, S.L.B.&M.

PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 3.9 MILES TO THE JUNCTION OF STATE HIGHWAY 45; EXIT RIGHT AND PROCEED IN A SOUTHERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 19.2 MILES ON STATE HIGHWAY 45 TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE WEST; TURN RIGHT AND PROCEED IN A WESTERLY, THEN SOUTHWESTERLY DIRECTION APPROXIMATELY 8.0 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN LEFT AND PROCEED IN A SOUTHWESTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 1.6 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; SOUTHWESTERLY, INΑ **PROCEED** AND RIGHT TURN SOUTHEASTERLY DIRECTION APPROXIMATELY 1.5 MILES TO JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 1.4 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 1.6 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN RIGHT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 0.4 MILES TO BEGINNING OF THE PROPOSED ACCESS FOR THE #823-21B TO THE NORTHEAST; FOLLOW ROAD FLAGS IN A NORTHEASTERLY DIRECTION APPROXIMATELY 1.2 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE SOUTHEAST; FOLLOW ROAD FLAGS IN A SOUTHEASTERLY DIRECTION APPROXIMATELY 0.1 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 38.9 MILES.

Kerr-McGee Oil & Gas Onshore LP

MULLIGAN #823-21K LOCATED IN UINTAH COUNTY, UTAH SECTION 21, T8S, R23E, S.L.B.&M.

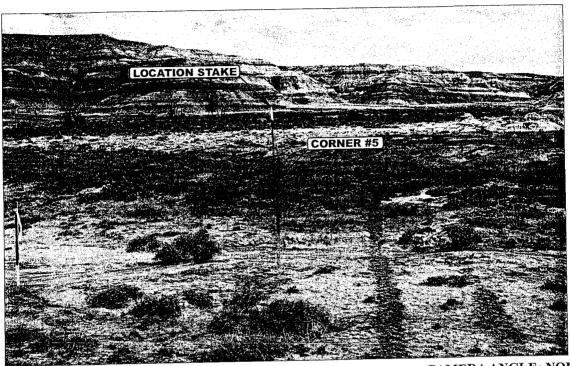


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: SOUTHEASTERLY



Uintah Engineering & Land Surveying

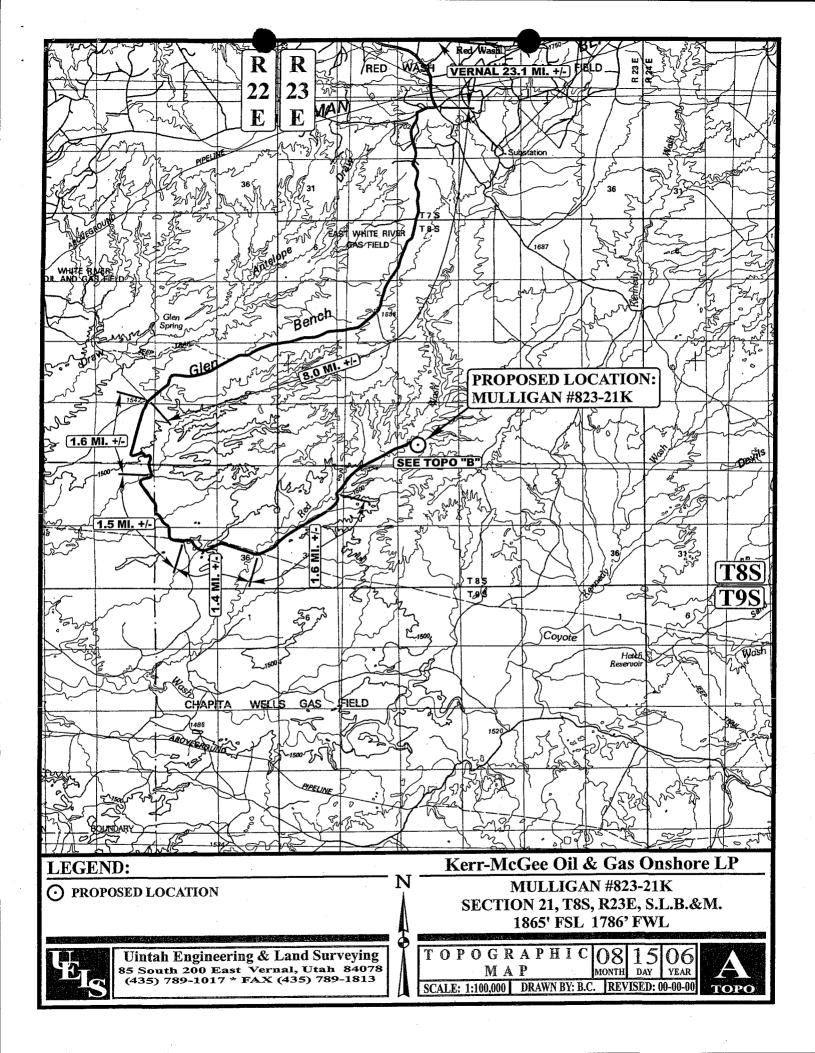
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

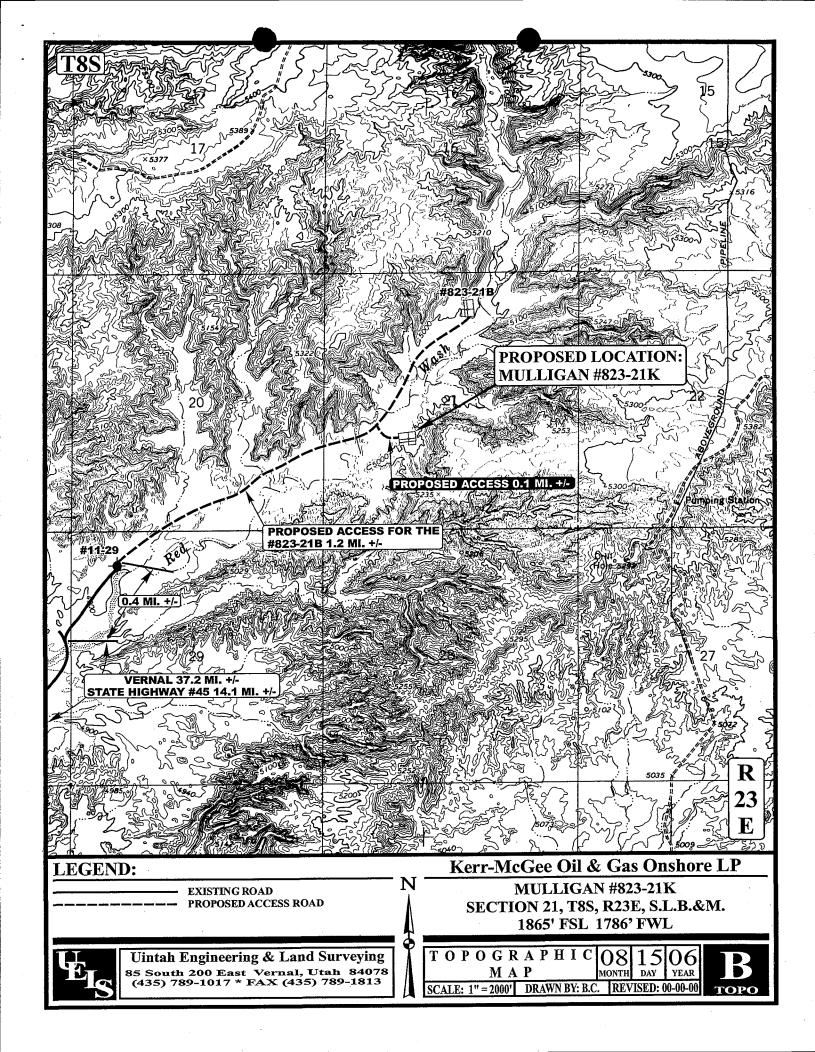
LOCATION PHOTOS

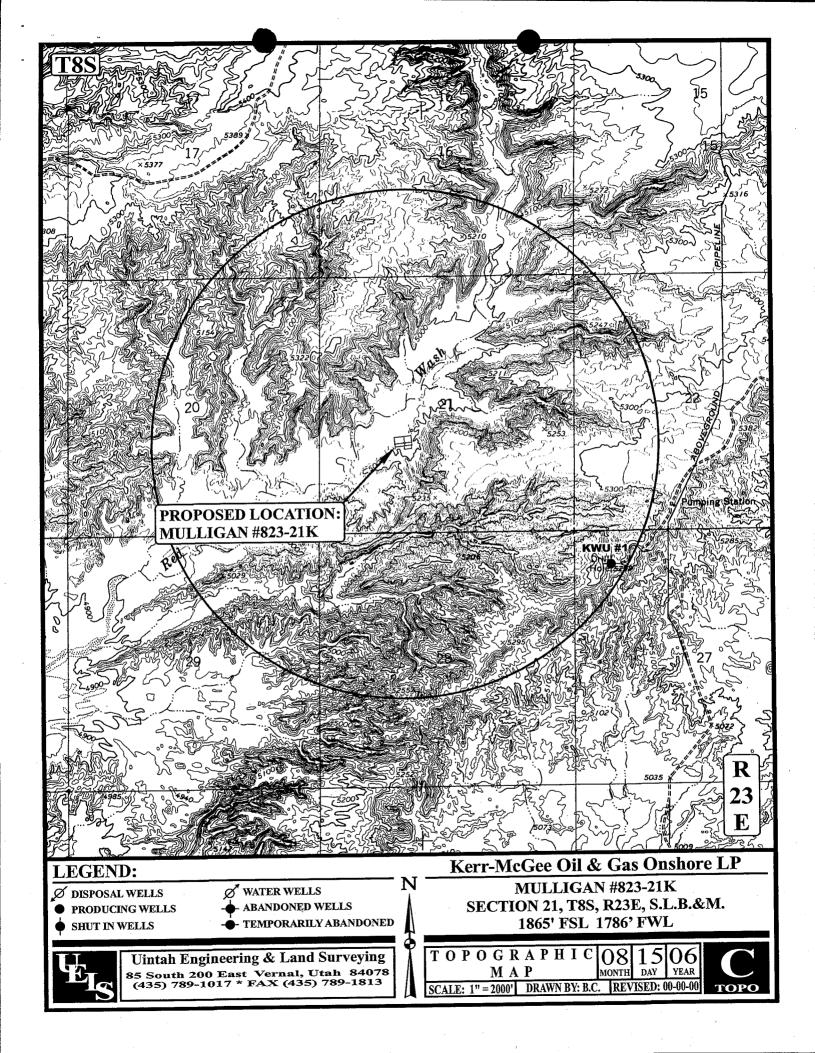
08 15 06 MONTH DAY YEAR

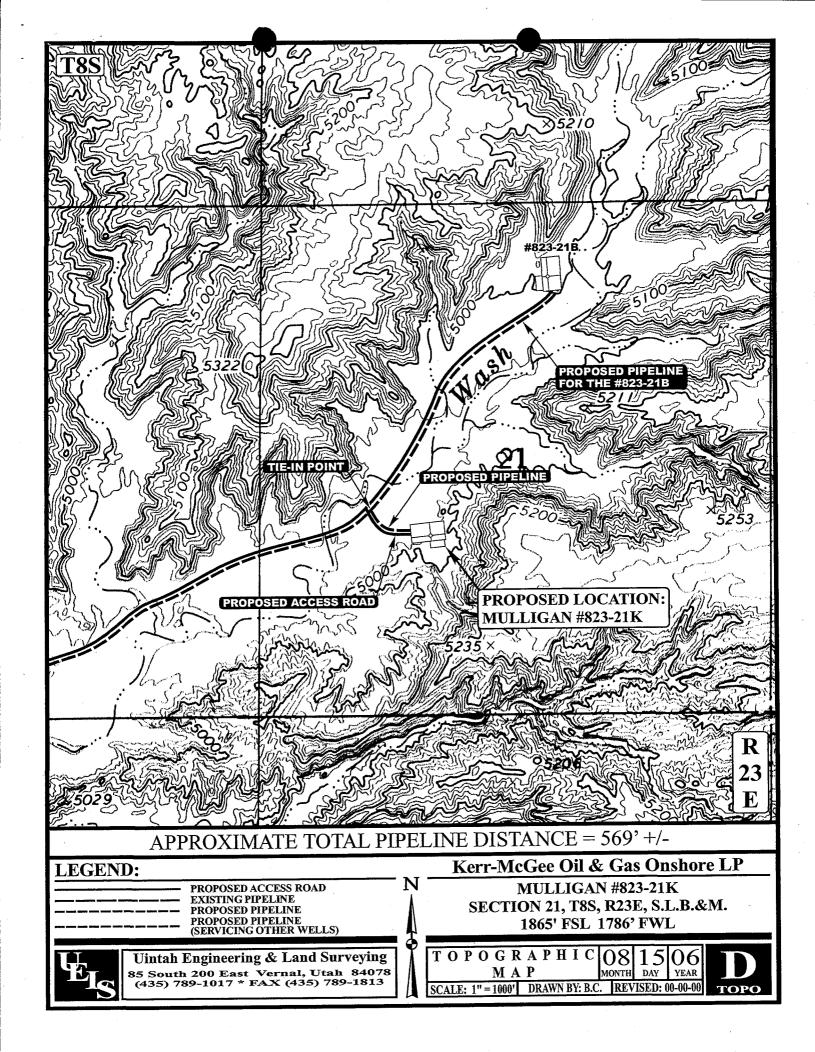
рното

TAKEN BY: B.H. | DRAWN BY: B.C. | REVISED: 00-00-00









Kerr-McGee Oil & Gas Onshore LP

MULLIGAN #823-21K

PIPELINE ALIGNMENT LOCATED IN UINTAH COUNTY, UTAH SECTION 21, T8S, R23E, S.L.B.&M.

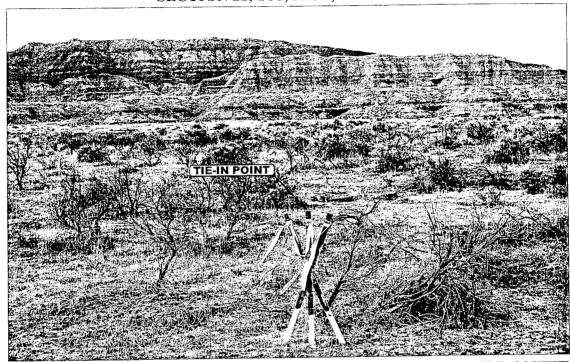


PHOTO: VIEW OF TIE-IN POINT

CAMERA ANGLE: SOUTHEASTERLY

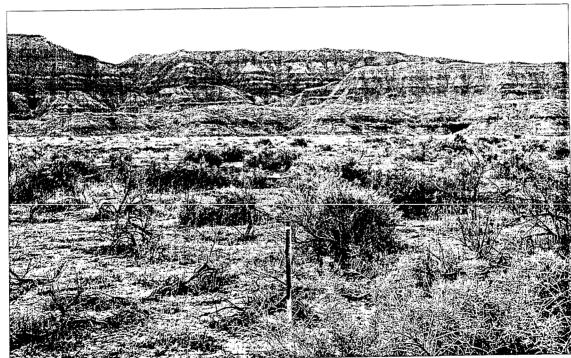


PHOTO: VIEW OF PIPELINE ALIGNMENT

CAMERA ANGLE: SOUTHEASTERLY



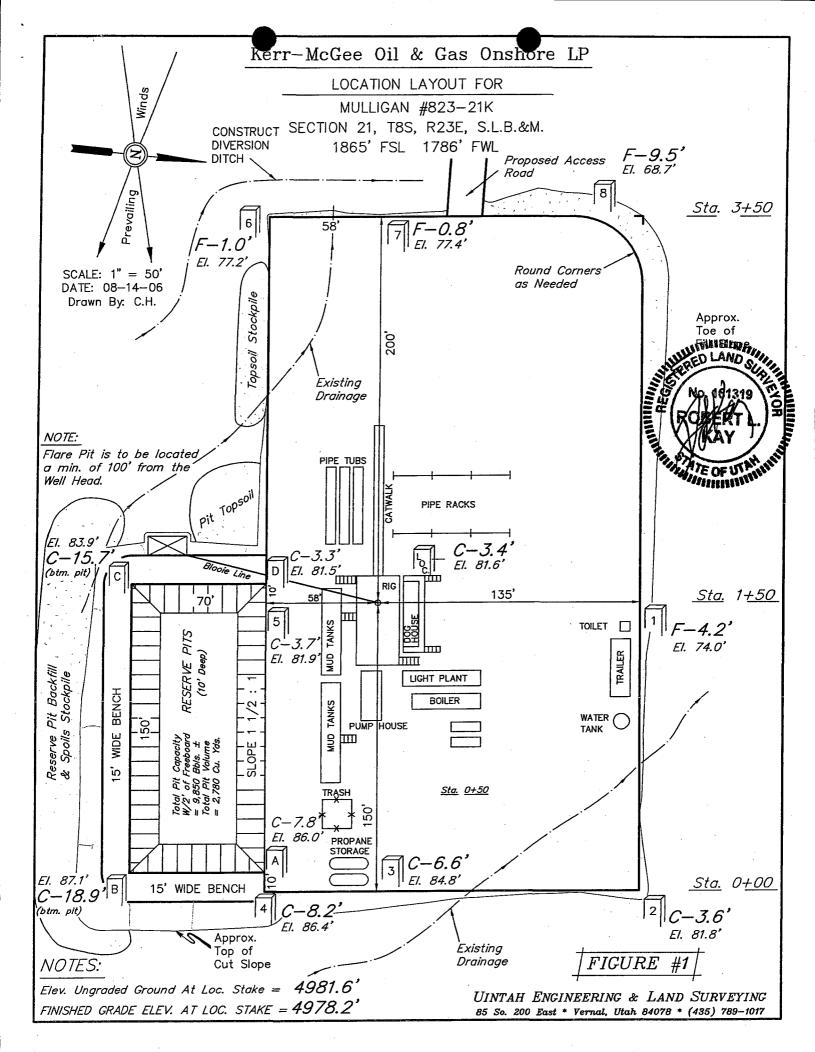
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

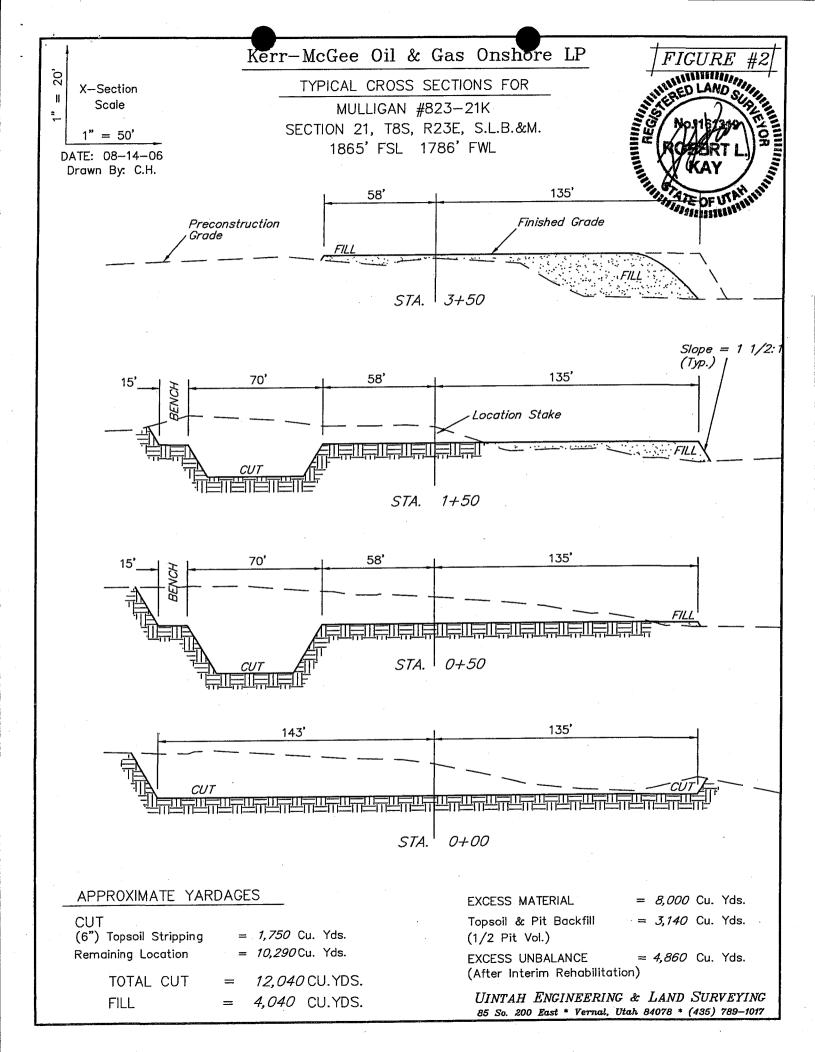
PIPELINE PHOTOS

OS 15 OC MONTH DAY YEAR

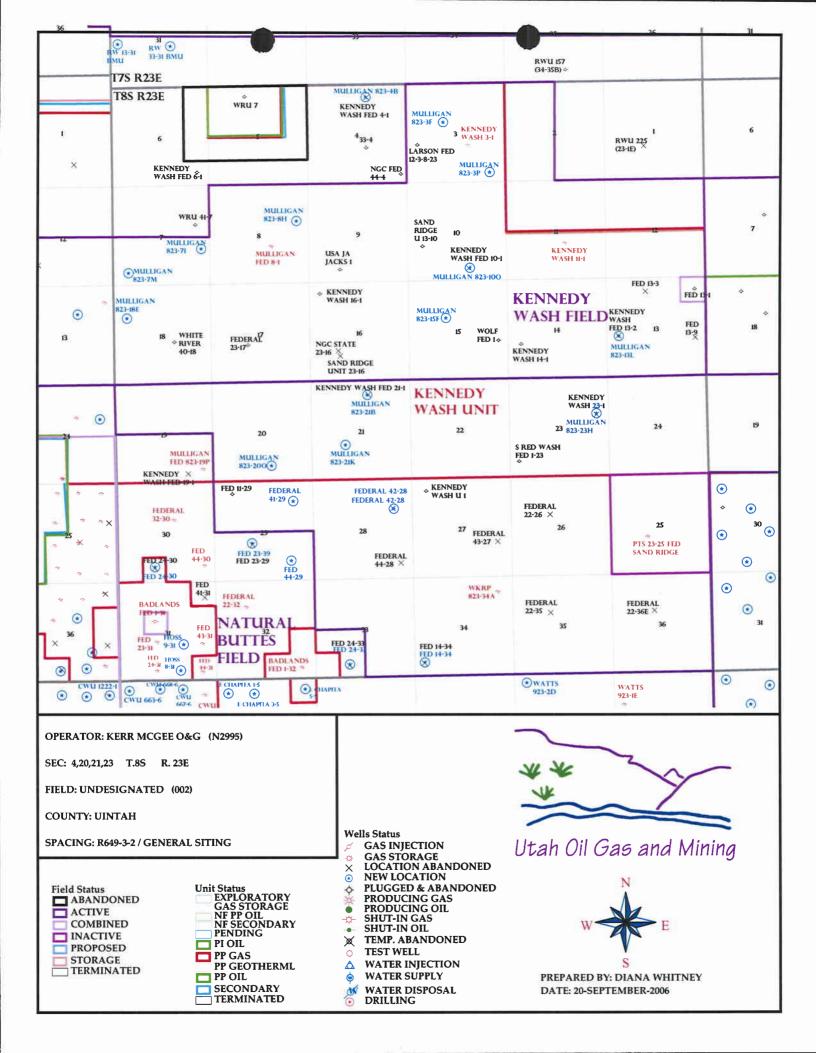
РНОТО

TAKEN BY: B.H. | DRAWN BY: B.C. | REVISED: 00-00-00





APD RECEIVED: 09/15/2006		API NO. ASSIG	NED: 43-04	7-38630
WELL NAME: MULLIGAN 823-21K				
OPERATOR: KERR-MCGEE OIL & GAS (N2995	-)	PHONE NUMBER:	435-781-702	4
CONTACT: SHEILA UPCHEGO	- -			
PROPOSED LOCATION:		INSPECT LOCATN	BY: /	/
NESW 21 080S 230E SURFACE: 1865 FSL 1786 FWL		Tech Review	Initials	Date
BOTTOM: 1865 FSL 1786 FWL		Engineering		
COUNTY: UINTAH LATITUDE: 40.10607 LONGITUDE: -109.3345		Geology		
UTM SURF EASTINGS: 641955 NORTHINGS: 4440	0649	Surface		
FIELD NAME: UNDESIGNATED (2)		-	
LEASE TYPE: 1 - Federal LEASE NUMBER: UTU-73021 SURFACE OWNER: 1 - Federal	П	PROPOSED FORMAT		VD
RECEIVED AND/OR REVIEWED:	LOCATI	ON AND SITING:		
Plat	R	649-2-3.		
→ Bond: Fed[1] Ind[] Sta[] Fee[]		MIIIITCAN		
(No. WY-2357)	Unit:_	MULLIGAN		
Potash (Y/N)	R	649-3-2. Gener	al	
Oil Shale 190-5 (B) or 190-3 or 190-13	s	iting: 460 From Qt	r/Qtr & 920' E	Between Wells
Water Permit	R	649-3-3. Excep	tion	
(No. 43-8496)		rilling Unit		
RDCC Review (Y/N)	II	Board Cause No:		
(Date:)	H	Eff Date:		
<u>M4</u> Fee Surf Agreement (Y/N)		Siting:		
NIA Intent to Commingle (Y/N)	R	.649-3-11. Dire	ctional Dri	11
COMMENTEC.				The second secon
COMMENTS:			The second secon	
A CONTRACTOR OF THE PROPERTY O				
STIPULATIONS: 1- toder (1) provided				
- Spaces Ohy				
	****	100 - 100 100 1		



United States Department of the Interior

BUREAU OF LAND MANAGEMENT Utah State Office

P.O. Box 45155 Salt Lake City, Utah 84145-0155

IN REPLY REFER TO: 3160 (UT-922)

September 20, 2006

Memorandum

To:

Assistant District Manager Minerals, Vernal District

From:

Michael Coulthard, Petroleum Engineer

Subject:

2006 Plan of Development Mulligan, Uintah County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2006 within the Mulligan Unit, Uintah County, Utah.

API#

WELL NAME

LOCATION

(Proposed PZ Wasatch/MesaVerde)

```
43-047-38619 Mulligan 823-3P Sec 03 T08S R23E 0466 FSL 0858 FEL
43-047-38620 Mulligan 823-3F Sec 03 T08S R23E 2095 FNL 1984 FWL
43-047-38622 Mulligan 823-7M Sec 07 T08S R23E 0636 FSL 0804 FWL
43-047-38623 Mulligan 823-7I Sec 07 T08S R23E 1878 FSL 0461 FEL
43-047-38624 Mulligan 823-8H Sec 08 T08S R23E 1980 FNL 0661 FEL
43-047-38625 Mulligan 823-100 Sec 10 T08S R23E 0660 FSL 1980 FEL
43-047-38626 Mulligan 823-13L Sec 13 T08S R23E 2164 FSL 0625 FWL
43-047-38627 Mulligan 823-15F Sec 15 T08S R23E 1979 FNL 1980 FWL
43-047-38621 Mulligan 823-4B Sec 04 T08S R23E 0689 FNL 2145 FEL
43-047-38628 Mulligan 823-200 Sec 20 T08S R23E 0811 FSL 2176 FEL
43-047-38630 Mulligan 823-21K Sec 21 T08S R23E 1865 FSL 1786 FWL
43-047-38631 Mulligan 823-23H Sec 23 T08S R23E 1980 FNL 0660 FEL
43-047-38629 Mulligan 823-21B Sec 21 T08S R23E 0767 FNL 2297 FEL
43-047-38616 Mulligan 822-13D Sec 13 T08S R22E 1088 FNL 0470 FWL
43-047-38614 Mulligan 822-12M Sec 12 T08S R22E 0691 FSL 1081 FWL
43-047-38618 Mulligan 822-13E Sec 13 T08S R22E 2259 FNL 0866 FWL
43-047-38615 Mulligan 822-12L Sec 12 T08S R22E 2161 FSL 0538 FWL
43-047-38617 Mulligan 822-13L Sec 13 T08S R22E 1858 FSL 0763 FWL
```

This office has no objection to permitting the wells at this time.

/s/ Michael L. Coulthard



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA Division Director JON M. HUNTSMAN, JR. Governor

GARY R. HERBERT Lieutenant Governor

September 21, 2006

Kerr-McGee Oil & Gas Onshore LP 1368 South 1200 East Vernal, UT 84078

Re:

Mulligan 823-21K Well, 1865' FSL, 1786' FWL, NE SW, Sec. 21, T. 8 South,

R. 23 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann.§ 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38630.

Sincerely,

Gil Hunt

Associate Director

pab Enclosures

cc:

Uintah County Assessor

Bureau of Land Management, Vernal District Office

Operator:	Kerr-McGee Oil & Gas Onshore LP				
Well Name & Number	Mulliga	n 823-21K			
API Number:	43-047-38630				
Lease:	<u>UTU-73</u>	3021			
Location: <u>NE SW</u>	Sec21_	T. 8 South	R. 23 East		

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

• Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

- 4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.
- 5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

Form 3 160-5 (August 1999)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB No. 1004-0135 Expires Jnovember 30, 2000

5. Lease Serial No.

UTU-73021

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this abandoned well.	7. If Unit or CA/Agreement, Name and/or No. MULLIGAN UNIT #UTU-63065X				
SUBMIT IN TRIPL					
1. Type of Well Oil Well Gas Well 2. Name of Operator	8. Well Name and No. MULLIGAN 823-21K				
KERR-McGEE OIL & GAS C	9. API Well No. 43.047.38630				
1368 SOUTH 1200 EAST VERNAL, UT 84078 (435) 781-7024 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)			10. Field and Pool, or Exploratory Area MULLIGAN		
NESW SEC. 21, T8S, R23E 1865'FSL, 1786'FWL			11. County or Parish, State UINTAH COUNTY, UTAH		
12. CHECK APP	ROPRIATE BOX(ES) TO	INDICATE NATURE OF NOTICE	, REPORT, OR OTHER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION				
Notice of Intent Subsequent Report	Acidize Alter Casing Casing Repair Change Plans	Fracture Treat Reclama New Construction Recomp	=		
Final Abandonment Notice	Convert to Injection	Plug Back Water D			
If the proposal is to deepen directiona Attach the Bond under which the wor following completion of the involved	lly or recomplete horizontally, good will be performed or provide operations. If the operation resument Notices shall be file	ive subsurface locations and measured and the Bond No. on file with BLM/BIA. Rec Its in a multiple completion or recompletio	flany proposed work and approximate duration thereof true vertical depths of all pertinent markers and zones quired subsequent reports shall be filed within 30 days on in a new interval, a Form 3160-4 shall be filed once clamation, have been completed, and the operator has		

THE OPERATOR REQUESTS AUTHORIZATION TO CHANGE THE LOCATION LAYOUT.

PLEASE REFER TO THE AMENDED LOCATION LAYOUT PLAT.

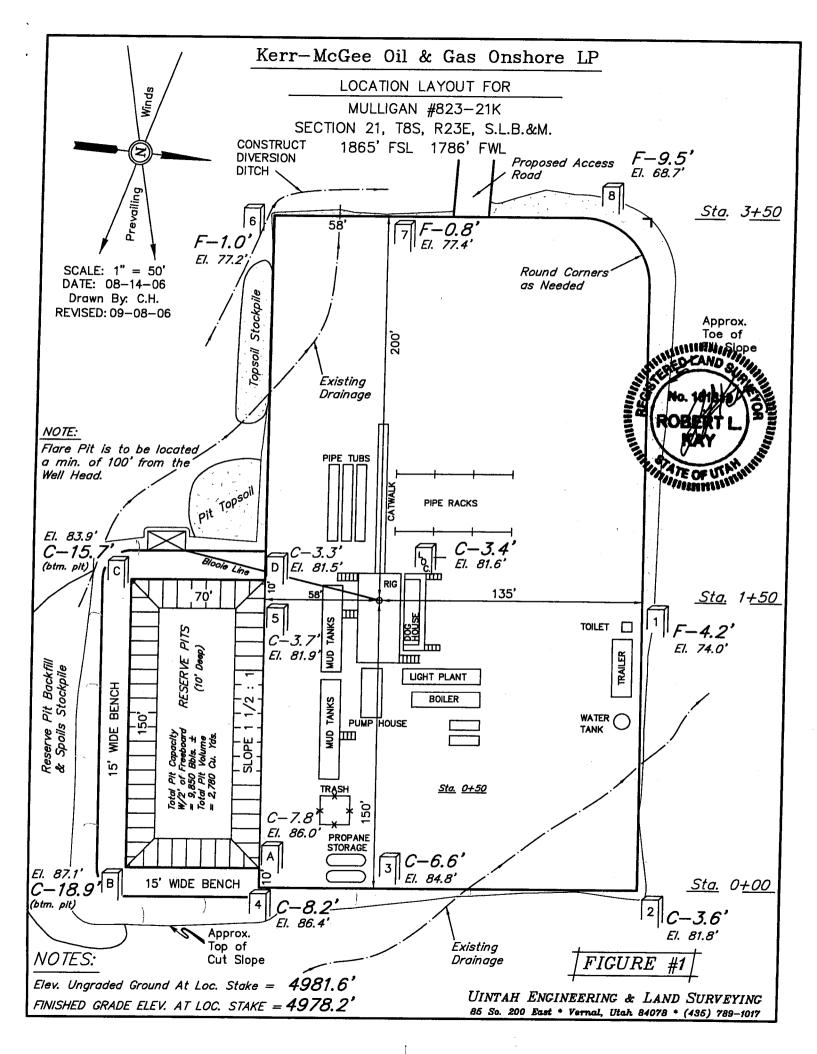
Accepted by the Utah Division of Oil, Gas and Mining

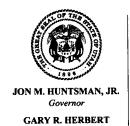
FOR RECORD ONLY

14. I hereby certify that the foregoing is true and correct				
Name (Printed/Typed)	Regulatory Analyst			
Shelle Upchego				
MUL MUMO	Date Sep	tember 21, 200	06	
THI	S SPACE FOR FI	DERAL OR STA	TE USE	
Approved by		Title	Date	
Conditions of approval, if any, are attached. Approval of this notice certify that the applicant holds legal or equitable title to those right which would entitle the applicant to conduct operations thereon.	s in the subject lease	Office		
Title 18 U.S.C. Section 1001, make it a crime for any p	erson knowingly a	nd willfully to make	e to any department or agency of the United States	any
false, fictitious or fraudulent statements or representations	s as to any matter v	vithin its juris ¢i tctī o≀	n. The state of th	

(Instructions on reverse)

OCT 1 1 2006





Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 9, 2007

Whitney Morton Kerr-McGee O&G Onshore LP 1368 S 1200 E Vernal, UT 84078

Re: APDs Rescinded at the request of Kerr-McGee O&G Onshore LP

Dear Ms. Morton:

Enclosed find the list of APDs that you requested to be rescinded to Kerr – McGee O&G. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective August 8, 2007.

A new APD must be filed with this office for approval <u>prior</u> to the commencement of any future work on the subject locations.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason

Environmental Scientist

cc:

Well File Bureau of Land Management, Vernal



Page 2 August 9, 2007 Subject:

Mulligan 822-12L

Mulligan 822-12M

Mulligan 822-13D

Mulligan 822-13L

Mulligan 822-13E

Mulligan 823-7M

Mulligan 823-7I

Mulligan 823-8H

Mulligan 823-10O

Mulligan 823-15F

Mulligan 823-21K

NBU 1021-14M

NBU 1022-28B

NBU 1022-28H

NBU 1022-28C

NBU 1022-28A

Federal 1022-30M

Federal 1022-28P